

Paul

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
1594 West North Temple – Suite 1210
Box 145801
Salt Lake City, Utah 84114-5291
Telephone: (801) 538-5291
Fax: (801) 359-3940

ANNUAL REPORT OF MINING OPERATIONS

The informational requirements of this form are based on provisions of the Mined Land Reclamation Act, Title 40-8, Utah Code Annotated 1953, as amended, and the General Rules as promulgated under the Utah Minerals Regulatory Program. An operator conducting mining operations under a Notice of Intention must file an annual operations and progress report (FORM MR-AR) with the Division.

I. General information

1. Report Time Periods: From (mo./yr.) Jan. 2005 To (mo./yr.) Dec. 2005
2. DOGM File Number (Mine No.) S/470/072
3. Mine Name : Hardaway #1
4. Mineral(s) Mined (or permitted to mine): Gilsonite
5. Type of Mine: ☐ Surface Mine or ☒ Underground Mine
6. Legal Description (Location of Lands Affected):
N 1/2, NE 1/4, SW 1/4, Section 7, Township 11S, Range 24E
SESE 1/4, SW 1/4, NW 1/4, Section 7, Township 11S, Range 24E
NENE 1/4, NW 1/4, SW 1/4, Section 7, Township 11S, Range 24E
7. Name of Operator or Company: Ziegler Chemical & Mineral Corp.
8. Permanent Street Address: 366 N. Broadway, Suite 210
City, State, Zip: Jericho, New York 11753-2000
Phone: (516) 681-9600 Fax: (516) 681-9604
9. Company Representative (or designated operator):
Name: Stan Wagner
Title: Mine Superintendent
Business Address: Star Route
City, State, Zip: Vernal, Utah, 84078
Phone: (435) 789-3593 Fax: (435) 789-3593
☐ Please check if any of the above information has changed since previous year.

II. Mining and Reclamation

1. Was there any mine related activity during the past year? Yes ☐ No ☒
2. If no, what was the last year of activity? 2001
3. If yes, how much ore or mineral was mined:

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4. Briefly describe the type of work performed, volume of material moved, and any new or additional surface disturbances that occurred during the past year. None
5. How much additional acreage was disturbed during the past year? None
6. How much acreage was reclaimed during the past year. None
7. Briefly describe the reclamation work performed during the past year. This description should include methods employed, and an evaluation of the results.

Our re-seeding efforts of the previous year were not successful. Therefore, we sprayed the entire area with Round-up® to kill the Cheat grass. We then replanted the area with great expectations of a better crop next spring.

8. What is the total disturbed acreage of entire project at years end? 1.65 acres.
9. Briefly summarize any mining and/or reclamation plans for the upcoming year.

We will continue waiting for the grass to grow. (Sounds exiting doesn't it.)

NOTE: Section III., "Additional Information" applies only to large mining operations.

III. Additional Information

1. An updated surface facilities map should be attached if there have been significant changes since the previous map was submitted.
2. Any monitoring results or other reports that are required under the terms of the approved notice of intention should also be attached.

IV. Signature Requirement

I hereby certify that the foregoing is true and correct.

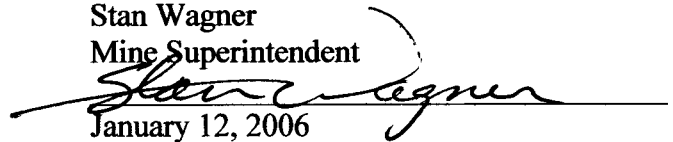
Name (Typed or Printed):

Stan Wagner

Title of Operator:

Mine Superintendent

Signature of Operator:



Date:

January 12, 2006